

Brief Explanation of FY2011 1Q Financial Results

1. Consolidated Results of Tokio Marine Holdings

(Reference: "Supplemental material for FY2011 1Q conference call")

Ordinary Income

◆ Net premiums written: ¥598.9 billion, up ¥2.7 billion or 0.5% YoY

- Premiums from overseas subsidiaries declined overall on a consolidated basis, primarily due to the impact from the appreciation of the yen, although they increased on a local currency basis
- Tokio Marine & Nichido and Nisshin Fire recorded premium increases

◆ Life insurance premiums: ¥74.4 billion, down ¥31.4 billion or 29.7% YoY

- Insurance premiums and other of Tokio Marine & Nichido Life: Steady growth in policies in force raised insurance premiums by ¥6.2 billion or 5.9% YoY
- International life insurance business: Premiums increased supported by growth in Asian life entities
- Insurance premiums and other of Tokio Marine & Nichido Financial Life: Considering the recent market environment, we replaced products with full minimum guarantee with those with limited minimum guarantee starting from 2H of FY2010. However, new policies for variable annuity declined significantly as it is taking time to achieve market penetration of these new products

(References: Non-consolidated life results do not add up to the consolidated results of life operations due to the difference in accounting format between life and non-life operations; the consolidated results are shown in the non-life format).

◆ Insurance premiums of international insurance business (total of life and non-life)*: ¥156.7 billion, up ¥0.7 billion or 0.5% YoY

- Excluding the effects of the appreciation of the yen, an increase of approximately 8% YoY

* Result for the overall international insurance business, including foreign branches of Tokio Marine & Nichido, equity method investees and non-consolidated companies.

<Reference>

	As of March 31, 2010	As of March 31, 2011	Rate of appreciation of the yen
USD/JPY	¥93.04	¥83.15	Approx. 11%
GBP/JPY	¥140.40	¥133.89	Approx. 5%

- Philadelphia Insurance Companies: A decrease of approximately 6% YoY, due to the appreciation of the yen. Premiums continued to grow by about 5% YoY on a local currency basis, maintaining growth exceeding the market average
- Kiln: A decrease of approximately 6% YoY, due mainly to the appreciation of the yen. The decrease was only 1% on a local currency basis. An expansion in underwriting by utilizing the capacity of the 100% owned Lloyd's Syndicate by the Tokio Marine Group was offset by the effect of the softening market
- Reinsurance (excluding Kiln): A decrease of approximately 1% YoY, due to the

appreciation of the yen vs. an increase of approximately 8% on a local currency basis supported by growth in new policies and opening of new branches

- North America (excluding Philadelphia): A decrease of approximately 9% YoY, due mainly to the appreciation of the yen vs. an increase of 1% on a local currency basis supported by economic recovery
- Central and South America: A decrease of 3% YoY as, from the perspective of improving our bottom line, we decided not to renew some contracts under which underwriting performance had deteriorated
- Non-life in Asia: An increase of approximately 9% YoY supported by steady economic growth and, excluding the effects of the appreciation of the yen, an increase of approximately 16% YoY
- International life: An increase of approximately 35% YoY, and excluding the effects of the appreciation of the yen, an increase of 42% YoY due mainly to growth in new policies achieved through the expansion of Bancassurance in life insurance businesses in Asia and favorable sales of new products

Ordinary Profit

◆ Ordinary profit: ¥83.8 billion, down ¥4.1 billion or 4.7% YoY

- Tokio Marine & Nichido: An increase due mainly to the reversal of catastrophe loss reserve caused by an increase in claims paid in relation to the Great East Japan Earthquake
- Tokio Marine & Nichido Financial Life: An increase due, among others, to a decrease in initial selling expenses and a decrease in the provision for minimum guarantee reserves
- Nisshin Fire: A decrease due, among others, to an increase in incurred losses related to personal accident and other lines and a decrease in investment income
- International insurance subsidiaries: A decrease due mainly to natural disasters and the appreciation of the yen
- Adjustment in consolidated results, relating to natural disasters at overseas subsidiaries: Loss of ¥33.4 billion relating to the New Zealand Earthquake in February 2011 and the Great East Japan Earthquake in March 2011 was adjusted to be recognized in the FY2010 consolidated results. Subsequently, a gain on reversal of these adjustments has been recognized in FY2011 1Q

Quarterly Net Income

◆ Quarterly net income: ¥55.1 billion, down ¥1.2 billion or 2.2% YoY

- The factors driving the decrease were mostly the same as those that led to lower ordinary profit

2. Non-Consolidated Results of Tokio Marine & Nichido

(Reference: "Summary Report," pages 12 and 13)

◆ Net premiums written: ¥442.0 billion, up ¥2.8billion or 0.6% YoY

- Fire: Premiums increased by 2.4% YoY
 - Recovery in housing starts and increase in premiums from major contracts in the corporate clients
- Personal accident: Premiums increased by 2.4% YoY
 - Positive effect of rate revisions in October 2010 and increase in premiums from "T protection" Plan (personal accident insurance for industrial accidents) for

national associations and medical and cancer insurances

- Auto: Premiums increased by 0.4% YoY
 - Higher unit price caused by rate revisions in July 2010

◆ **Net loss ratio: 79.9%, up 12.9 points YoY**

- Fire: Up 121.4 points YoY to 168.4% due mainly to an increase in claims paid for residential earthquake insurances, extended earthquake coverage for corporations, etc., related to the Great East Japan Earthquake and losses on small accidents that occurred frequently in the previous year, which was the largest contributing factor that caused the overall increase in net loss ratio
- Auto: Down 0.3 points to 69.2% due mainly to an increase in premiums and a decrease in the number of accidents due to the decrease in traffic after the Great East Japan Earthquake
- Other lines: Down 7.2 points to 44.5% due mainly to claims received under financial guarantee reinsurance
- Net loss ratio excluding claims paid in relation to the Great East Japan Earthquake: 65.8%, down 1.2 points YoY

◇ **Current situation of auto insurance:**

- The number of accidents had been less YoY earlier the current quarter due to the decrease in traffic after the Great Earthquake in March, but the difference had gradually narrowed. As of the end of June, there is no significant YoY difference
- The current status of underwriting profit is in line with the initial projection and we will continue to undertake measures to improve our bottom line, keeping an eye on further developments

◆ **Business expenses and net expense ratio:**

◇ **Agency commissions and brokerage: ¥77.7 billion, down ¥0.6 billion YoY**

- Mainly due to decline in average agency commission points

◇ **Operating and general administrative expenses on underwriting: ¥64.6 billion, down ¥5.0 billion YoY**

- Personnel expenses: Down ¥1.5 billion YoY due mainly to a decrease in bonus payments
- Non-personnel expenses: Down ¥3.1 billion YoY due mainly to the concentration of the timing of the start of live operations of IT systems under development in 2H of FY2011

◇ **Total expenses: ¥142.4 billion, down ¥5.6 billion YoY**

◇ **Net expense ratio: 32.2%, down 1.5 points YoY**

◆ **Provision for outstanding claims (private insurance basis): A decrease in the provision of ¥35.0 billion, down ¥17.2 billion YoY**

- Total provision requirements declined due to the combined effect of an increase due to claims received under financial guarantee reinsurance, an increase in foreign currency-denominated provision for outstanding claims due to smaller appreciation of the yen YoY, and a decrease of 30.5 billion yen in provision for outstanding claims related to the Great East Japan Earthquake as these claims were gradually being paid

◆ **Provision for underwriting reserves: A decrease in the provision of ¥162.8 billion, down ¥149.4 billion YoY**

◇ **Underwriting reserve for residential earthquake insurance: A reversal of ¥127.9 billion as a result of the increase in incurred losses for residential earthquake insurance was the largest contributing factor. With regard to**

residential earthquake insurance, there will be no impact on profit as the amount of reversal of earthquake underwriting reserve is exactly matched with the amount of net incurred losses

◇ **General underwriting reserves: An increase in the provision of ¥20.0 billion, up ¥6.0 billion YoY**

- Due, among others, to the rebound of fire insurance premiums and an increase in the provision requirement corresponding to the amount of first year premiums net of related expenses due to the reversal effect of the significant decrease in the provision for aviation insurance at the end of the previous fiscal year

◇ **Catastrophe loss reserve: A decrease in the provision of ¥33.6 billion, down ¥30.8 billion YoY**

- Mainly because claim payments related to the Great East Japan Earthquake have been processed particularly in fire insurance

◆ **Underwriting profit: ¥41.4 billion, up ¥18.6 billion YoY**

◆ **Investment income (net): ¥56.3 billion, down ¥16.1 billion YoY**

- Income from interest and dividends: ¥61.7 billion, down ¥2.3 billion YoY
 - Mainly due to a decrease in dividend income on foreign stocks of overseas subsidiaries
- Gain and losses on sales of securities: ¥0.5 billion, down ¥15.1 billion YoY
 - Mainly due to the consideration of the timing of the sale of business-related equities in light consideration of the effect of the Great Earthquake, etc.
 - No change in the full-term plan for the sale of business-related equities
- Income from financial derivatives: ¥7.8 billion, down ¥6.9 billion YoY
 - Due, among others, to a decrease in valuation gains from foreign exchange forwards and currency swaps as the magnitude of appreciation of the yen was smaller YoY

◆ **Ordinary profit: ¥93.8 billion, up ¥5.0 billion YoY**

◆ **Quarterly net income: ¥69.5 billion, up ¥3.8 billion YoY**

3. Non-Consolidated Results of Nisshin Fire

(Reference: "Summary Report," pages 16 and 17)

◆ **Net premiums written: ¥34.9 billion, up ¥0.4 billion or 1.3% YoY**

- Due, among others, to upward rate revisions as a result of the product renovation of auto insurance in April 2011 and strong growth in new policies for fire insurance

◆ **Net loss ratio: 68.4%, up 2.8 points YoY**

- Due, among others, to the payment of residential earthquake insurance claims related to the Great East Japan Earthquake
- Net loss ratio excluding claims paid in relation to the Great East Japan Earthquake: 61.7%, down 3.9 points YoY

◆ **Net expense ratio: 36.0%, down 0.8 points YoY**

- Due, among others, to a decrease in corporate expenses achieved through the streamlining of business operations and an increase in premiums

◆ **Underwriting profit/loss: Loss of ¥0.7 billion, profit declined by ¥1.3 billion YoY**

- Due, among others, to a YoY increase in the provision for outstanding claims (private insurance basis), which was caused by an increase in incurred loss ratio for casualty insurance and other lines; and
- A decrease in reversal of catastrophe loss reserve, which was caused by a decrease in net claims paid for auto insurance

◆ **Investment income (net): ¥0.3 billion, down ¥1.2 billion YoY**

- Due, among others, to a decrease in dividend income and gain on sales of securities and an increase of loss on valuation of securities

◆ **Ordinary loss: ¥0.7 billion, declined by ¥2.9 billion YoY**

◆ **Quarterly net loss: ¥0.3 billion, net income declined by ¥1.8 billion YoY**

4. Non-Consolidated Results of Tokio Marine & Nichido Life

◆ **Sales performance (Reference: "Summary Report" page 25)**

◇ **New policies:**

- Annualized premiums of new policies in cancer and medical insurance: Up 4.6% YoY
 - Strong sales in third-sector lines of Super Insurance
- Number of new policies, sum insured of new policies, and annualized premiums of new policies for individual insurance: Down 11.5%, 17.0%, and 12.9%, YoY respectively
 - Mainly due to the decision to control sales volume from the perspective of profitability improvement after the revision of "Whole-life with Long-term Discounts Insurance" in November 2010

◇ **Policies in force:**

- Number of policies, sum insured of policies, and annualized premiums of policies for individual insurance: Up 1.4%, 1.1%, and 0.9%, respectively, compared with the end of FY2010

◆ **Statement of income (Reference: "Summary Report," page 23)**

- Insurance premiums and other: ¥113.4 billion, up ¥6.2 billion or 5.9% YoY
 - The steady growth was achieved in tandem with the larger volume of policies in force
- Business expenses: ¥20.0 billion, down 0.4% YoY
 - Due, among others, to continuous effort of restraining non-personnel expenses
- Quarterly net income: ¥2.8 billion, down ¥1.0 billion YoY
 - Due to an additional provision of 2.3 billion for standard underwriting reserve at the end of the quarter under review in order to maintain the accumulation rate of 100% achieved at the end of the previous fiscal year.
 - If we also had recognized an additional provision for standard underwriting reserve in 1Q of FY2010, quarterly net income for the quarter under review would effectively have increased YoY

5. Non-Consolidated Results of Tokio Marine & Nichido Financial Life

◆ Sales performance (Reference: "Summary Report," page 31)

◇ New policies (Individual annuities): Number, sum insured, and annualized premiums all declined significantly YoY

- We replaced products with full minimum guarantee with those with limited minimum guarantee starting from 2H of FY2010. However, it is taking time to achieve market penetration of these new products despite our promotion efforts

◆ Statement of income (Reference: "Summary Report," page 29)

- Insurance premiums and other: ¥5.2 billion, down sharply by ¥44.4 billion or 89.5% YoY
 - Due to decline in new policies
- Quarterly net income: ¥0.5 billion, up ¥3.4 billion YoY
 - Due, among others, to the replacement of main products with those designed to generate revenue that is commensurate with the initial costs and a decrease in the provision requirements for reserve for minimum guarantee

6. Non-Consolidated Results of E. design Insurance

(Reference: "Summary Report," pages 20 and 21)

7. Earnings of International Insurance Business

(References: "Supplemental material for FY2011 1Q conference call")

◆ Quarterly net loss (total overseas insurance companies): ¥16.3 billion, net income sharply declined by ¥34.6 billion YoY

- Adjustment in consolidated results, relating to natural disasters at overseas subsidiaries during January-March 2011: A loss of ¥27.9 billion relating to natural disasters was recognized in the FY2010 consolidated results. Subsequently, a gain on reversal of these adjustments has been recognized separately in the current quarter.
- Quarterly net income after adding back said gain on reversal: ¥11.6 billion, down ¥6.6 billion YoY

◆ Adjusted earnings*: ¥10.0 billion, down ¥7.2 billion YoY

- Calculated by adding back the gain on reversal of the adjustment for natural disasters during January-March 2011 (¥27.9 billion)

* Includes quarterly net income of "international insurance business (life and non-life)" for financial accounting purposes as well as profits and losses of overseas branches of Tokio Marine and Nichido and equity method investees; valuing earnings of life insurance business at embedded value (EV); adjusting the differences between non-consolidated accounting standards and consolidated accounting standards.

◇ **Adjusted earnings by location/geographic area*:**

- * Figures for each location are before the adjustment relating to the New Zealand Earthquake and the Great East Japan Earthquake during January-March 2011
- Philadelphia Insurance Companies: ¥2.9 billion, down ¥3.7 billion YoY
 - While keeping disciplined underwriting, earnings declined due to a significant increase in natural disasters due to the record-setting cold weather in the eastern U.S. regions during January-February, 2011 and the appreciation of the yen
- Kiln: Loss of ¥9.9 billion, earnings declined by ¥12.4 billion YoY
 - Mainly due to the effect of natural disasters such as the New Zealand Earthquake, the Great East Japan Earthquake, flood in Australia, etc.
 - Adjusted earnings after eliminating the effect of the prior-period adjustment for natural disasters (the New Zealand Earthquake and the Great East Japan Earthquake): ¥0.4 billion
- Reinsurance (excluding Kiln): Loss of ¥11.6 billion, earnings declined by ¥16.2 billion YoY
 - Mainly due to a significant increase in natural disasters such as the New Zealand Earthquake, the Great East Japan Earthquake, flood in Australia, etc., similar to the case of Kiln, in addition to the appreciation of the yen
 - Adjusted earnings after eliminating the effect of the prior-period adjustment for natural disasters (the New Zealand Earthquake and the Great East Japan Earthquake): ¥2.7 billion
- North America: Loss of ¥0.5 billion, earnings declined by ¥1.6 billion YoY
 - Mainly due to the appreciation of the yen and the temporary effect of the correction of the recognition of existing policies. The effect of the correction is expected to reverse in Q2
- Central and South America: ¥0.7 billion, up ¥0.8 billion YoY to turn a loss into a profit
 - Due to the improvement of underwriting performance and successful expense cutting efforts in Brazil
- Non-life in Asia: Loss of ¥1.3 billion, earnings declined by ¥2.9 billion YoY
 - Mainly due to the effect of natural disasters such as the New Zealand Earthquake, flood in Australia, etc.
 - Adjusted earnings after eliminating the effect of the prior-period adjustment for natural disasters (the New Zealand Earthquake): ¥1.6 billion
- International life: ¥1.5 billion, up ¥0.9 billion YoY
 - Due, among others, to strong growth in new policies at major locations

(unit: billions of yen)

		Net premiums written				Adjusted earnings				
		FY2010 1Q	FY2011 1Q			FY2010 1Q	FY2011 1Q			
			as of end-Mar 2010	as of end-Mar 2011	Change YoY		Excluding FX effects	as of end-Mar 2010	as of end-Mar 2011	Change YoY
FX rate	Applied FX rate									
	USD	93.04	83.15			93.04	83.15			
	GBP	140.4	133.89			140.4	133.89			
Non-Life	Primary	Philadelphia	43.3	40.5	-6%	5%	6.7	2.9	-55%	-50%
		North America	7.8	7.0	-9%	1%	1.1	-0.5	-	-
		South & Central America	18.8	18.1	-3%	-2%	0.0	0.7	-	-
		Europe & Middle East	5.4	5.6	3%	9%	0.1	0.3	55%	72%
		Asia(incl. China)	17.2	18.7	9%	16%	1.5	-1.3	-	-
	Primary Total	92.7	90.2	-3%	5%	9.5	2.3	-76%	-70%	
	Reinsurance	Reinsurance Companies	26.0	25.9	-1%	8%	4.6	-11.6	-	-
		Kiln Group	23.6	22.3	-6%	-1%	2.4	-9.9	-	-
		Reinsurance Total	49.7	48.2	-3%	4%	7.0	-21.6	-	-
	Total Non-Life	142.5	138.5	-3%	5%	16.6	-19.3	-	-	
Life		13.4	18.2	35%	42%	0.6	1.5	150%	163%	
Total of Non-life and Life		156.0	156.7	0%	8%	17.2	-17.8	-	-	
Home Office Expense						0.0	-0.1	-	-	
Total of Non-life and Life after H.O. Expense		156.0	156.7	0%	8%	17.3	-17.9	-	-	
Adjustment relating to natural disasters in 1Q FY2011							27.9	-	-	
Total (After the adjustment)		156.0	156.7	0%	8%	17.3	10.0	-42%	-49%	

◇ Tornadoes in the U.S. during April-June 2011 and the related losses

- In the U.S., many tornadoes broke out during the period of April-June 2011
- We currently estimate that group-wide incurred losses will be approximately 9.0 billion yen, with Philadelphia and Kiln being main underwriters
- For the international insurance, these incurred losses will be recognized in 2Q. The effect of these losses was not reflected in the 1Q results as they are not significant on a consolidated basis

8. Business Projections for Full-Term FY2011

Tokio Marine Holdings posted net income of ¥55.1 billion for the quarter, which is 38.0% of the ¥145.0 billion projected for the full term of FY2011.

The most significant contributor was the increase in earnings of Tokio Marine & Nichido. The earnings results of Tokio Marine & Nichido for the quarter under review appears to be favorable for the following reasons:

- Early recognition of a gain on reversal of catastrophe loss reserve corresponding to the claims paid in relation to the Great East Japan Earthquake
- The balance of catastrophe loss reserve for auto insurance has declined significantly, which is expected to require us to recognize additional provisions in 3Q and thereafter. However, this effect was not materialized in 1Q
- Natural disasters are expected to be recognized in 2Q and thereafter
- Much of interest and dividend income tends to be recognized in 1Q

Considering the above factors, we have no plan to revise the consolidated business projections for the full-term FY2011 at the present.

These information materials are prepared based on the currently available information for us and described subject to our predictions and forecasts carried out at the time of preparation.

It must be noted that what is described therein does not guarantee our future business performance and carries certain risk of misjudgment or uncertainty.

Accordingly, you are kindly requested to bear in mind that there may be a possibility of

sizable divergence between the actual business performance in the future and that of our predictions or forecasts described therein.